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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of

Eligibility for the Specialized
Mobile Radio Services and Radio
Services in the 220-222 MHz Land
Mobile Band and Use of Radio Dispatch
Communications

GN Docket No. 94-90

COMMENTS OF SNET MOBILITY, INC.

SNET Mobility, Inc. ("SNET Mobility"), by its undersigned counsel, hereby submits its comments in response to the Commission's Notice of Proposed Rulemaking ("Notice") in the above-captioned proceeding.^{1/} SNET Mobility, a wholly-owned subsidiary of the Southern New England Telecommunications Corporation, is one of 15 cellular resellers providing cellular service to the public in the State of Connecticut and in neighboring sections of Massachusetts. SNET Mobility is an affiliate of the Southern New England Telephone Company, the local exchange carrier in Connecticut, and Springwiche Cellular Limited Partnership, the wholesale cellular carrier providing cellular mobile telephone service to resellers on the wireline "Band B" cellular frequencies throughout the State of Connecticut and portions of Massachusetts.

^{1/} Notice of Proposed Rulemaking, GN Docket No. 94-90, FCC 94-202 (rel. Aug. 11, 1994).

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SNET Mobility endorses the Commission's proposal and tentative conclusion to eliminate as unnecessary and outdated the regulatory restrictions that prohibit wireline telephone common carriers from holding licenses in the specialized mobile radio service ("SMR") and 220 MHz service, and the restriction that prohibits common carriers licensed after January 1, 1982 from offering dispatch services. Recision of the restrictions is particularly appropriate in light of the competition which has developed and is increasing in the commercial mobile radio services ("CMRS") market.

As the Notice recognizes, dramatic changes have occurred in the mobile services marketplace since the SMR/wireline prohibition was adopted twenty years ago and the prohibition on dispatch services imposed.^{2/} These changes have created a competitive mobile services marketplace in which today multiple service providers licensed in any number of mobile services -- including cellular and SMR -- compete to provide innovative, reasonably-priced mobile services tailored to meet the diverse mobile communications needs of consumers, often by combining more than one type of mobile service. The rapid growth of mobile services and competition in the mobile services industry call for the removal of outdated regulatory restrictions which were implemented in an emerging marketplace, but which have now been shown to be unnecessarily restrictive in today's market and which stand in the way of the development of a versatile mobile

^{2/} Notice at ¶ 15.

services market that promotes competition among all mobile services and service providers and provides the fullest range of competitive choices to consumers.

Removal of the wireline restrictions is particularly appropriate given the Congressional policies and directives set forth in the Omnibus Budget Reconciliation Act of 1993.^{3/} In the Budget Act, Congress recognized the convergence of mobile services and technologies into a single marketplace that would benefit from competition rather than regulation. Congress therefore established a fundamental policy favoring regulatory parity for all CMRS services. Given this mandate, it is now appropriate that the Commission is reviewing existing competitive restrictions on mobile services. Where, as is the case with the wireline restrictions at issue herein, those restrictions rely on artificial distinctions that are no longer relevant to today's mobile services industry and that impede competition, they should be eliminated.

**I. GROWTH IN THE MOBILE SERVICES MARKETPLACE MAKES
ELIMINATION OF THE WIRELINE RESTRICTIONS APPROPRIATE**

Over the past decade, the mobile services marketplace has experienced tremendous growth in subscribers, services and service providers. This growth has accelerated in recent years as the industry has matured and technological advances have eliminated many of the limitations on specific service offerings.

^{3/} Pub. L. No. 103-66, Title VI, 107 Stat. 312 (1993) (the "Budget Act").

In the cellular industry alone, after a mere 10 years of service, subscribership recently surpassed 19 million.^{4/} Furthermore, growth in the industry has been fueled by the Commission's unprecedented allocation of spectrum for new mobile services and, this year, the auctioning of licenses for narrowband and broadband personal communications services ("PCS").^{5/}

In contrast to the nascent mobile services market that existed when the wireline restriction on SMR licenses was imposed, the mobile services marketplace today is fully developed and the position of SMR services within that market well established. Indeed, one of the primary characteristics of the current mobile services marketplace today is the intense competition that exists between and among mobile services and providers.

Technological advances, including the development of advanced digital technologies, also have increased the substitutability of mobile services and inter-service competition. Now, more than ever, consumers can choose to meet their mobile communications needs with a range of competing mobile services. For example, advanced paging services now offer service features that provide immediate information that can be

^{4/} CTIA Press Release, "Mid-Year Results Show Wireless Customers Near 20 Million Mark; Monthly Bills Drop" (Sept. 6, 1994) ("CTIA Press Release").

^{5/} See *In the Matter of Redevelopment of Spectrum to Encourage Innovation in the Use of New Telecommunications Technologies, First Report and Order and Third Notice of Proposed Rulemaking*, ET Docket No.92-9, 7 FCC Rcd. 6886 (1992).

substituted for a cellular call. Similarly, advanced SMR services are expected to offer integrated paging and voice applications in a single handset. All of these advancements have increased competition between and among mobile services and providers.

The development of a competitive mobile services in Connecticut is representative of the significant changes that have occurred in mobile services industry. In Connecticut, there currently are at least 95 different mobile service providers. Consumers in Connecticut can choose to purchase mobile services from 15 cellular resellers, nearly 40 paging companies, and over 40 SMR licensees. The licensing of PCS will result in 74 new licensees that will provide services in Connecticut.

In this more mature mobile service market, restrictions on wireline carrier participation in certain mobile services are no longer necessary or appropriate. Competition among mobile service providers and services has eliminated the ability of any one provider to control the mobile service market. Nowhere was the impact of this new competition more evident than in the Commission's adoption of eligibility rules for PCS. While initially considering the exclusion of local exchange carriers from PCS licensing, the Commission recognized the valuable and competitive role that wireline carriers can play in today's competitive mobile services market and chose not to impose a wireline restriction on local exchange carriers bidding for PCS

licenses.^{6/} The Commission's decision was based on the appropriate recognition of the economies of scope and resources that would permit local exchange carriers to promote the more rapid development of PCS and yield a broader range of PCS services at lower costs to consumers.^{2/}

The same economies of scope that can be achieved through wireline participation in PCS can be achieved through wireline participation in SMR and 220 MHz services. Specifically, as with PCS, the wireline carriers can quickly allocate resources, including existing infrastructure, into wireless services that will speed the deployment of services, produce innovative service offerings, promote competition and produce competitive rates for consumers.

II. THE WIRELINE RESTRICTION SHOULD NOT BE REPLACED WITH ADDITIONAL REGULATORY BURDENS

The Commission should not supplant the wireline restrictions merely to impose additional restrictions that will continue to prohibit wireline carriers from participating in SMR and 220 MHz

^{6/} See *In the Matter of Amendment of the Commission's Rules to Establish New Personal Communications Services*, GN. Docket No. 90-314, 8 FCC Rcd. 7700, 7751-52 (1993), recon., Memorandum Opinion and Order, FCC 94-144 (rel. June 13, 1994), 59 Fed. Reg. 32830. The Commission has restricted cellular participation in PCS. These restrictions, however, apply to all cellular carriers regardless of any affiliation with a wireline carrier. General concerns regarding spectrum holdings and management have been adequately addressed by the Commission in other proceedings and are not relevant to removal of the wireline restrictions that are the subject of this proceeding.

^{2/} *Id.*

mobile services. Any additional structural requirements imposed on wireline carriers as a condition of providing SMR or 220 MHz mobile services will directly undermine the public interest benefits of removing the restrictions. Additional restrictions, furthermore, are unnecessary given the existing safeguards that exist to ensure that competition in the mobile service market is not impaired by wireline entry into SMR or 220 MHz mobile services. The existing regulatory safeguards identified by the Commission in the Notice are more than sufficient to ensure that wireline carriers that provide SMR or 220 MHz mobile services adhere to their obligations to provide interconnection to other CMRS providers on reasonable and non-discriminatory terms. In addition, the accounting safeguards applied by the FCC to wireline carriers and their non-regulated affiliates -- and that would apply to wireline carriers that obtain SMR or 220 MHz service licenses -- provide sufficient protection to alleviate any concerns regarding affiliate transactions.

SNET Mobility further opposes any restriction on cellular company participation in SMR or 220 MHz licensing. Such restrictions are unnecessary in the competitive mobile services marketplace that is present in Connecticut and throughout the United States. In addition, adoption of restrictions on cellular carriers participating in SMR or 220 MHz mobile services could prevent the efficient consolidation of services or joint offerings of services within a service territory or in adjacent territories. The Commission's recent adoption of a spectrum cap

for PCS, cellular and SMR services will ensure that no single provider can obtain a bottleneck on spectrum in any particular market.^{8/}

III. THE PROHIBITION ON COMMON CARRIERS PROVIDING DISPATCH SERVICES SHOULD BE LIFTED

SNET Mobility also endorses the Commission's proposal to permit all mobile service common carriers to provide dispatch services. Elimination of the prohibition on mobile service common carriers licensed after January 1, 1992 providing dispatch services will increase consumer choice and increase competition in the provision of dispatch services. This increased competition, in turn, will produce innovative new dispatch service offerings and competitive prices for dispatch services. The converging world of mobile technologies holds the promise of providing consumers unlimited choice in mobile services and mobile service providers. In order for this promise to be realized, however, the Commission must remove the unnecessary dispatch prohibition.

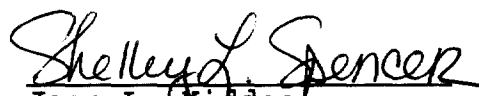
^{8/} See *In the Matter of Implementation of Section 3(n) and 332 of the Communications Act Regulatory Treatment of Mobile Services, Amendment of Part 90 of the Commission's Rules to Facilitate Future Development of SMR Systems in the 800 MHz Frequency Band, Amendment of Parts 2 and 90 of the Commission's Rules to Provide for Use of 200 Channels Outside Designated Filing Areas in 896-901 MHz and 935-940 MHz Band Allotted to the Special Mobile Radio Pool*, GN Docket No. 93-252, PR Docket No. 93-144, PR Docket No. 89-553, Third Report and Order, (rel. Sept. 23, 1994) at p.121.

CONCLUSION

SNET Mobility submits that the wireline and dispatch restrictions should be eliminated in recognition of the changes in the competitive mobile services marketplace.

Respectfully Submitted,

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